



*CHRONICLE OF THREE
YEARS OF STRUGGLE OF
THE SOCIALIST DEPUTIES*

NO TO THE PRIVATIZATION OF ADP AND
LA FRANÇAISE DES JEUX

BY VALÉRIE RABAULT, ON 13 . 03 . 2019
AND BORIS VALLAUD

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Valérie RABAULT on March 13, 2019 in session

Mr. Minister, the PACTE bill that you are introducing seeks to fundamentally transform our economy. As I indicated at first reading, this is a laudable and respectable ambition, which entails certain objectives that we share with you and others with which we disagree.

But the PACTE bill includes several provisions - articles 44 to 53 - that launch a privatization program unprecedented in its purpose. This is the first time that the French state has launched such a large-scale privatization of infrastructure. This program is also unprecedented because it would result in the State completely withdrawing from capital, and not just reducing its participation as was the case in the past.

The privatizations you are considering do not stem from any industrial project, they meet a single objective: to fill the coffers of the State, emptied by past deficits and which your tax gifts have helped to clear up again.

I would therefore like to come back to the privatization of ADP, about which I had the opportunity to question the Prime Minister during questions to the Government.

First question: do you absolutely need to privatize? The answer is no. You are looking for between 200 and 250 million euros a year to invest in breakthrough innovation. To do this, all you had to do was amend the organic law on finance laws so that the dividends paid to the State by Aéroports de Paris - €160 million - and Française des Jeux - €90 million - would be channeled towards this objective, which many of us support. We have discussed this on several occasions, Mr. Minister. The total is exactly the amount you are looking for.

Second question: Will ADP, privately held, put France in

a particular situation in relation to our European partners? The answer is yes. To be convinced of this, I invite our majority colleagues to read the very interesting study The ownership of Europe's airports, published by the Airports Council international. It analyzes the composition of the capital of 500 airports in Europe.

This reading is extremely informative. France is one of the only countries, along with the United Kingdom, Portugal, Slovenia, Hungary and Romania, where more than 40% of airports are privately owned - today, before ADP was privatized.

In Germany, 53% of airports are 100% publicly owned - cities or Länder - and 47% are a mixture of private and public ownership. The public authorities are always present in the shareholding of German airports, none of them are exclusively owned by private investors.

The same is true in Italy, no airport is wholly owned by private actors.

20% of the airports are 100% publicly owned and 80% are a mix of private and public ownership. Same in Spain.

The study also provides valuable information on the duration of concessions where they exist. Once again, the reading is enlightening: in 56% of cases, the concession lasts between 20 and 50 years; in 3% of cases, it lasts more than 50 years; and in 7% of cases, it is indefinite. You, on the other hand, are proposing a seventy-year concession for ADP!

Yet ADP is the world's second largest airport group, managing the Roissy and Orly airports, whose cumulative traffic is almost as high as Atlanta airport, the world's largest airport. I don't know, Mr. Minister, if you realize where you are taking the country.

In short, your privatization will place France among the European exceptions in terms of airport capital structure. On the contrary, the vast majority of countries have chosen to keep control of their airports, simply because they have perfectly understood that this is a strategic tool.

Third question: what were the consequences of the examples of airport privatization? At Heathrow, only ten regional destinations within the UK are still served, whereas there are twenty-seven from Amsterdam - which is managed by ADP - to the UK.

The reason is quite simple: the number of daily flights, and therefore the number of aircraft passages, is limited by the number of runways and the size of the airport, it will not have escaped you. So the interest of a private actor, who charges airport taxes per passenger, is to maximize their number and therefore to privilege long-haul flights, which carry more passengers by plane. The same logic applies to consumers of airport businesses.

We can see that all these privatized airports privilege the biggest planes, and thus the long-haul flights. There is therefore a major risk for land use planning, inherent to the airport economic model. Today, public authorities maintain this balance. What will it be tomorrow?

Among the consequences of these privatizations, I would also like to cite the example of the Toulouse airport, a fiasco that takes the form of a soap opera with a new episode almost every week. There was supposed to be a shareholders' pact to protect the interests of the State. In reality, this shareholders' agreement puts the State in a weak position. This weakness is such that the public rapporteur of the Paris Court of Appeal - your representative! - is now recommending that privatization be declared null and void!

In this regard, as Special Rapporteur of the Finance Committee on State Holdings, I have asked the State Holdings Agency to provide me with several clarifications.

First of all, I have asked for the draft specifications - you indicated, Mr. Minister, that you would give them to us - and in particular the terms and conditions by which the Government intends to determine the obligations of the concessionaire with regard to the investments to be made. This is the purpose of Article 45 of the draft law that we are examining, which deals with the operation of airports by the future beneficiary of the concession.

I then applied for the economic regulation contract, which governs in particular airport charges and by extension the competitiveness of the platforms and Air France - that's Article 48.

I have also asked for a study of the impact of the future financial balance of the "double fund". Indeed, Article 47 institutes a double fund that distinguishes airport revenues - regulated perimeter - from real estate and commercial revenues. We need a detailed impact study of the projections on the financial equilibrium of each fund since they will no longer offset each other.

Finally, I asked for projections of the transfer of full ownership to the Crown of the assets awarded by ADP and of the movable and immovable property acquired during the seventy years of the concession - this is Article 44. This is required by the term of the concession.

Mr. Minister, we are at a new reading and we still do not have any information on these four points. None, and I don't know if we will ever have it, despite the commitments you have made. The first reading took place in September: the Government and the Ministry of Finance had ample time, in six months, to provide us with this data. If they were not able to do it in six months, I don't see how they could do it in two or three weeks. However, I would like to give you the benefit of the doubt.

In any case, today we still do not have this information, which shows the weakness in which you lock up the State to conduct negotiations with potential buyers. History shows that this weakness of the State in negotiating with the private sector, whether it is governed by the left, the right or The Republic in Progress, is an unfortunate constant for the protection of the public good.

These are serious matters, Mr. Minister. The management of an airport is complex and cannot be equated to that of a commercial space, as one Secretary of State tried to make us believe last Tuesday.

Mr. Minister, my dear colleagues of the majority, I would like us to collectively try to get out of the political logic that sometimes leads our votes, whether it is for you or for us.

Seventy years from now, none of us will be here to draw the consequences of privatization.

So we have to make a decision that goes beyond ideology. If the objective is to find 250 million euros per year to invest in breakthrough innovation, it is possible, without resorting to privatization.

If the objective is to develop ADP, it is possible without privatization.

If the objective is to change ADP's strategy because its current development does not suit you, all you have to do is change the direction of the group: you can, since you currently hold 50.3% of the shares.

But if privatization only serves an ideological purpose, you are leading France down a risky path that will cost us all dearly.